

122 FERC ¶ 61,293
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 28, 2008

In Reply Refer To:
Guardian Pipeline, L.L.C.
Docket No. RP08-227-000

Baker Botts L.L.P.
The Warner
1299 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2400

Attention: G. Mark Cook

Reference: Rate Schedules OSS and LBS

Ladies and Gentlemen:

1. On February 29, 2008, Guardian Pipeline, L.L.C., (Guardian) filed revised tariff sheets¹ to implement two new services under its FERC Gas Tariff. First, Guardian proposes to offer an off-system storage service under Rate Schedule OSS. Guardian does not have storage facilities on its system. Under this rate schedule, Guardian would offer storage services to its shippers by contracting for storage services on upstream facilities owned by Bluewater Gas Storage, L.L.C. (Bluewater) and contracting for the transportation services needed to bring the storage gas to its system.² Guardian would offer services under this rate schedule up to a shipper's specified maximum daily injection and withdrawal quantity. Service would be offered on a daily basis, and the net balance of a shipper's injections and withdrawals, as adjusted for fuel charges, would constitute the shipper's Working Gas Account. As set forth in section 3 of Rate Schedule OSS, Guardian proposes certain injection and withdrawal quantity limitations when the shipper's Working Gas Account balance is equal to or greater than 90 percent of its OSS maximum storage quantity (MSQ) or equal to or less than 20 percent of its MSQ.

¹ See Appendix.

² Guardian states that, under this rate schedule, Bluewater would effectuate injections and withdrawals via capacity it holds on Vector Pipeline.

2. Guardian also proposes to offer a load balancing service under Rate Schedule LBS. Guardian states that this service would allow its shippers to adjust deliveries of gas under their respective firm transportation service agreements without prior notice, for the purpose of load balancing. Like its proposed Rate Schedule OSS service, Guardian proposes to implement this service by contracting for storage services on Bluewater's system, and by contracting for the necessary transportation services to bring the storage gas to its system. Guardian states that service under this rate schedule would be available on a daily basis for the delivery of gas at a delivery point or points in excess of the shipper's scheduled quantity under its firm transportation service agreement up to the shipper's maximum daily overtake quantity; or for the delivery of gas at a delivery point less than the shipper's scheduled quantity under its firm transportation service agreement up to the shipper's maximum daily undertake quantity. Under the service, the net balance of a shipper's overtake or undertake quantities, as adjusted for fuel charges, would constitute the shipper's LBS Account. Section 3.7 of Guardian's proposed Rate Schedule LBS requires that, each day, the shipper's LBS Account must be equal to or exceed the shipper's overtake quantity and be equal to or less than the shipper's MSQ. Section 3.1 provides that daily overtake and undertake quantities are subject to certain limitations when the shipper's LBS Account balance is equal to or greater than 90 percent of its MSQ or equal to or less than 20 percent of its MSQ.

3. Guardian proposes attendant tariff changes to implement its new rate schedules. Guardian proposes to add certain definitions to section 2 of its General Terms and Conditions (GT&C). It proposes to revise its penalty provision set forth in section 14 to clarify that shippers operating under Rate Schedule LBS may aggregate their delivery point imbalances into a single pool for purposes of mitigating any imbalance penalties and charges. It clarifies in section 19 that shippers would be allowed to have their LBS overtake or undertake quantities factored in to the determination of its daily imbalances. Guardian proposes a new section 32A to its GT&C to delineate a mechanism to track the transportation and storage injection quantities on third-party providers that support its new services. Guardian also proposes forms of service agreements for Rate Schedules OSS and LBS.

4. Guardian sets forth its proposed rates for service under Rate Schedules OSS and LBS on Original Sheet No. 5. Guardian states that, for each service, the recourse maximum reservation rate would be based upon charges that Guardian incurs to obtain storage capacity from Bluewater to implement each service. The recourse rate also includes a fee for administering the off-system service. Guardian proposes a total annual administrative fee of \$161,770 to implement Rate Schedule OSS and a total annual administrative fee of \$211,545 to implement Rate Schedule LBS. Guardian's proposed maximum recourse rate for service under Rate Schedule OSS is \$0.2308 per Dt, and its proposed maximum recourse rate for service under Rate Schedule LBS is \$0.2398 per Dt. Guardian states that shippers have signed precedent agreements for these services under its negotiated rate provisions.

5. Finally, Guardian contends that its ability to provide service under Rate Schedules OSS and LBS requires Guardian to contract for services on Bluewater's system. Guardian notes that its service agreement with Bluewater expires on March 31, 2013, unless extended. Accordingly, Guardian requests that the Commission pre-authorize Guardian to terminate Rate Schedules OSS and LBS from its FERC Gas Tariff effective March 31, 2013, or the date to which Guardian extends the termination date of the respective rate schedules. Guardian includes language in each proposed rate schedule clarifying that service under the rate schedule will not be available after March 31, 2013, unless it extends its service agreement with Bluewater. Guardian states that its service agreements with shippers under these rate schedules will include similar language. It adds that this request is consistent with pre-granted abandonment of the services underlying the rate schedules, and would promote administrative efficiency.

6. Guardian states that implementing these services would not diminish or impair the service rights of any existing shipper since the services will only be available to shippers that hold firm transportation service agreements on its system. It adds that no additional capacity on its system will be utilized to provide service under these rate schedules. Guardian offers that it developed these services in conjunction with Wisconsin Shippers,³ and asserts that it has been authorized to state that the Wisconsin Shippers support this filing and urge its expeditious approval. It contends that implementing these rate schedules provides shipper flexibility, and would allow Guardian's current and future shippers to maximize the pipeline's transportation services, including interconnections with other pipelines. Guardian requests an April 1, 2008, effective date for its tariff sheets.

7. Public notice of Guardian's filing was issued on March 3, 2008, allowing for protests as provided by section 154.210 of the Commission's regulations. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2007), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties. No party filed a protest or adverse comments. Wisconsin Public Service Corporation filed comments in support of Guardian's proposal.

8. We conditionally accept Guardian's revised tariff sheets effective April 1, 2008, as proposed. Implementing Rate Schedules OSS and LBS will enhance shipper flexibility by providing storage and load balancing services on Guardian's system. Further, it will

³ Wisconsin Shippers consist of Wisconsin Gas L.L.C., Wisconsin Electric Power Corporation, and Wisconsin Public Service Corporation.

not impair the services of existing shippers, and no party protested implementation of the rate schedules. However, Guardian did not adequately support the recovery of its proposed administrative fees in its recourse rates for the two services. The Commission will need further information with regard to the costs Guardian proposes to include in its administrative fees. Accordingly, within 15 days of the date this order issues, we direct Guardian to file additional information justifying its proposed administrative fees, or in the alternative, removing the administrative fees from its proposed recourse rates. Further, we grant Guardian its preauthorized abandonment to eliminate Rate Schedules OSS and LBS from its tariff effective March 31, 2013, or the date at which its corresponding contract with Bluewater expires.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

cc: All Parties

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Appendix

Guardian Pipeline, L.L.C.
Original Volume No. 1

Tariff Sheet Accepted Effective April 1, 2008

Fourth Revised Sheet No. 1	Sixth Revised Sheet No. 105
Original Sheet No. 5A	Original Sheet No. 105A
Original Sheet No. 27	Fourth Revised Sheet No. 106
Original Sheet No. 28	Fifth Revised Sheet No. 108
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Original Sheet No. 43	Third Revised Sheet No. 194
Original Sheet No. 43A	First Revised Sheet No. 197
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Original Sheet No. 43E	Second Revised Sheet No. 204
Original Sheet No. 43F	Original Sheet No. 216A
Original Sheet No. 43G	Original Sheet No. 216B
Original Sheet No. 43H	Original Sheet No. 216C
Original Sheet No. 43I	Original Sheet No. 216D
Original Sheet No. 43J	Original Sheet No. 216E
Sheet Nos. 44-49	Sheet Nos. 308-312
Fifth Revised Sheet No. 100	Original Sheet No. 313
Fourth Revised Sheet No. 101	Original Sheet No. 314
Fifth Revised Sheet No. 102	Original Sheet No. 315
Seventh Revised Sheet No. 103	Original Sheet No. 316
Second Revised Sheet No. 103A	Original Sheet No. 317
Fourth Revised Sheet No. 104	Original Sheet No. 318

Original Sheet No. 319
Sheet Nos. 320-324
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